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FOR IMMEDIATE RELEASE
WEDNESDAY JULY 25, 2012
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**WILLIAM MASTRO AND TWO OTHER EXECUTIVES OF FORMER MASTRO
AUCTIONS INDICTED FOR ALLEGEDLY DEFRAUDING BIDDERS IN ONLINE AND
LIVE AUCTIONS OF SPORTS MEMORABILIA AND OTHER COLLECTIBLES**

Fourth former Mastro Auctions employee charged with lying to FBI agents

CHICAGO — Online and live auctions of sports memorabilia and other collectibles conducted during the 2000s by the former Mastro Auctions, which was based in suburban Chicago, routinely defrauded customers, according to a federal indictment unsealed today. **William Mastro**, who owned the former business that once billed itself as the “world’s leading sports and Americana auction house,” together with **Doug Allen** and **Mark Theotikos**, both former executives of Mastro Auctions, were indicted on fraud charges for allegedly rigging auctions through a series of deceptive practices, including so-called “shill-bidding,” designed to inflate prices paid by bidders and to protect the interests of consignors and sellers at the expense of unwitting bidders.

According to the indictment, in advertising portraying Mastro Auctions as the premier seller of valuable items, including the world’s most expensive baseball trading card, a Honus Wagner T-206 card, Mastro allegedly failed to disclose that he had altered the Wagner T-206 card by cutting the sides in a manner that, if disclosed, would have significantly reduced the value of the card. The charges allege that Mastro and Allen caused the sale of certain items knowing that their authenticity

and condition were misrepresented to customers, including purported hair of Elvis Presley; and a purported 1869 Cincinnati Red Stockings trophy baseball.

“Consumers might be lured to the auction market for sports memorabilia and other collectibles by an emotional attachment to an item or purely as a calculated investment, but, as the allegations in this case demonstrate, bidders must remain mindful of the maxim, ‘Buyer Beware,’” said Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois. “Consumers have a right to be protected from deceptive and dishonest sales practices, and we will prosecute those who fraudulently rig auctions at the expense of bidders as the indictment alleges in this case.”

Mr. Shapiro announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago.

Mastro, 59, of Palos Park, who owned Mastro Auctions until 2004 and was its chairman and chief executive officer from 1996 until February 2009, was charged with one count of mail fraud.

Allen, 49, of Crete, who was president and chief operating officer of Mastro Auctions between 2001 and February 2009, was charged with 14 counts of wire and mail fraud. Theotikos, 51, of Addison, who was employed by Mastro Auctions between 1996 and February 2009 as vice president of auction operations and, later, vice president of acquisitions, was charged with six counts of wire and mail fraud. Both Allen and Theotikos are currently executives of Legendary Auctions, based in south suburban Lansing.

Mastro, Allen and Theotikos will be arraigned on dates to be determined in U.S. District Court in Chicago.

The 16-count indictment, which was returned by a federal grand jury yesterday, was unsealed today following the arrest of a fourth defendant, **William Boehm**, 63, of Ballwin, Mo., who was Mastro Auction's director of information technology. Boehm, who was charged with one count of making false statements to FBI agents investigating Mastro Auction's practices, had an initial appearance today in Federal Court in St. Louis.

According to the indictment, Mastro Auctions, which also operated under the names Mastro Fine Sports and Mastro Net, specialized in sports memorabilia but also featured such items as coins, art, and Americana collectibles. Most items were consigned to Mastro Auctions for sale by their owners, but Mastro Auctions also sold items that it owned. Between 2001 and 2009, Mastro Auctions' offices were located at different times in Oak Brook, Willowbrook, and Burr Ridge, Ill.

In conducting online and live auctions, Mastro Auctions typically charged a "seller's fee" or a "commission," usually a percentage of the price that an item sold for on consignment, and required potential bidders to pay a one-time fee of \$75 that enabled them to participate in auctions. Successful bidders were assessed a "buyer's premium," usually a fee of 15 to 22 percent on top of their winning bid, which was known as the "hammer price." Bidders could place bids online through Mastro Auctions' website or by directly communicating with a Mastro Auctions' employee by telephone or fax machine. Bidders could place either "straight bids" that incrementally increased the value over the last bid or "ceiling bids" that raised bids by established increments until the maximum a bidder was willing to pay was reached.

Between at least 2001 and February 2009, Mastro, Allen, Theotikos and others allegedly caused and made false representations and omissions in Mastro Auctions' catalogs, advertising, promotions, and other media, and in the bids placed in certain auctions. Those three defendants

allegedly intended to deceive bidders into believing that Mastro Auctions conducted auctions according to practices that ensured fair and competitive auctions for all participants. They further intended to deceive participants into believing that greater market demand existed for some items than actually was the case, the charges allege.

As part of the alleged fraud scheme, the indictment charges that Mastro, Allen and Theotikos made false statements regarding the conduct of Mastro Auctions, including the following:

- ▶ each Mastro Auctions catalog represented that “items are sold to the highest bidder.” In fact, Mastro, Allen and Theotikos allegedly knew that certain items were not sold to the highest bidder because they canceled sales and engaged in and facilitated shill-bidding to fraudulently inflate prices to the detriment of bidders;
- ▶ consignment agreements prohibited consignors or their agents from bidding on an item and, if the consignor violated this provision and had the highest bid on an item or lot, the consignor would be required to pay the commission and buyer’s premium. In fact, the three defendants knew they permitted certain consignors to bid on their own items, and at times those consignors did not pay commissions or premiums when they placed the highest bid; and
- ▶ the three defendants represented at various times that Mastro Auctions did not implement undisclosed “reserves,” meaning prices, not disclosed to bidders, at which Mastro Auctions would not sell an item if the bidding failed to reach the “reserve” price. In fact, in certain auctions, they canceled sales instead of allowing the highest bidder to purchase an item, in order to prevent the sale of the item at a price lower than the consignor desired.

In October 2007, Allen allegedly created a “Code of Conduct” for Mastro Auctions. Despite the code’s assurances to the contrary, Mastro, Allen and Theotikos knew that Mastro Auctions frequently did not disclose true ownership of items or that several employees with bidding privileges, including Mastro and Allen, had access to information about the ceiling bids, including the bid amounts. Further, contrary to the code’s assurances, employees, including Mastro, Allen and Theotikos, bid on items consigned by related parties.

Among allegedly fraudulent auction practices, the indictment charges that the three defendants and others placed fictitious shill bids for the sole purpose of artificially inflating the price of items being auctioned. They allegedly placed shill bids at various times using a corporate bidding account, their own personal accounts, and accounts of employees and friends. The defendants then ensured that when a shill bid was the highest bid, the shill bidder would not be required to purchase the item; instead, they canceled the sale and offered the item to the next-highest bidder, the charges allege.

The Code of Conduct also provided certain assurances that Mastro Auctions would disclose information about auction items that were altered or restored. After the code was published, Mastro and Allen allegedly failed to disclose alterations and caused restoration work to be done on baseball trading cards, despite assurances that no such work would be performed.

Mastro and Allen also allegedly knew that they had misrepresented the authenticity of the purported hair of Elvis Presley. In April 2003, Mastro Auctions sold hair purportedly of Presley. The initial purchasers later returned the hair along with the results of DNA testing, which called its authenticity into question. In June 2004, Allen provided a refund to the purchasers. In December 2005, August 2006, April 2007, and August 2008, Allen again sold portions of the purported Presley hair to Mastro Auction bidders. In each instance, he allegedly made false representations in catalogs, such as asserting that the hair was “bone fide” or that it would be sold with “documents attesting to the veracity,” without disclosing the results of the DNA testing.

In August 2002, Mastro Auctions sold to Purchaser A what it claimed was an 1869 Cincinnati Red Stockings trophy baseball, which was described as an actual game ball played with by the first professional team, decorated following the game, and presented to the winning team. In October

2006, Purchaser A submitted the ball for laboratory testing, which indicated that the paint on the trophy ball contained a material not used in commercial paint until after World War II, thus clouding the authenticity of the ball. A month later, Allen provided a refund to Purchaser A and the ball was returned to Mastro Auctions, the indictment states. In December 2006, Mastro allegedly contacted Victim A about purchasing the trophy ball and failed to disclose information about the paint test results. On Dec. 27, 2006, Victim A purchased the trophy ball from Mastro Auctions for approximately \$62,000, according to the indictment.

The false statements count against Boehm alleges that he lied to FBI agents in July 2007 when he stated that he had disabled the Mastro Auctions bidding account of Individual D because Individual D was having financial difficulties, and he had created a bidding account in the name of “Craig Helling” to catch a Mastro Auctions employee suspected of stealing company information. In fact, Boehm allegedly knew that the accounts in the names of Individual D and Craig Helling were used to place fictitious bids.

Assistant U.S. Attorneys Nancy DePodesta and Steven Grimes represent the government.

Each count of mail and wire fraud against Mastro, Allen and Theotikos carries a maximum penalty of 20 years in prison and a \$250,000 fine and restitution is mandatory. The Court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. The false statements count against Boehm carries a maximum penalty of five years in prison and a \$250,000 fine. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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